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UNITED NATIONS CONFERENCE ON TRADE AND DEVELOPMENT

COOPERATION AMONG DEVELOPING COUNTRIES IN THE FIELD OF SHIPPING, PORTS AND MULTIMODAL TRANSPORT

Note by the UNCTAD secretariat

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INTRODUCTION

(i) Paragraph C.4 of the work programme of the Standing Committee on Developing Services Sectors: Fostering Competitive Services Sectors in Developing Countries (Shipping) provides for the Standing Committee to "identify and examine possible activities and policies aimed at enhancing cooperation in the field of shipping, ports and multimodal transport, as a means of stimulating the development of the maritime transport sector in developing countries and countries in transition;".

(ii) The question of Economic Cooperation among Developing Countries (ECDC) in the field of shipping, ports and multimodal transport had already been a long-standing issue of the work programme of the suspended Committee on Shipping. This had resulted in a number of secretariat studies, such as the "Programme of Action for Cooperation Among Developing Countries" (TD/B/C.4/273) and the establishment of expert groups, which again elaborated a number of recommendations for the improvement of cooperation mechanisms. 1/

(iii) The present report contains the replies received by the secretariat to a letter addressed to intergovernmental organizations of developing countries in all regions, dealing with maritime and related transport either exclusively or in the context of more embracing integration programmes. The secretariat, in its request, particularly referred to the need for information on the experience in implementing cooperative solutions to shipping problems, which could possibly also serve as a guide to other organizations in their search for enhanced effectiveness.

(iv) The document contains the replies received from the Intergovernmental Standing Committee on Shipping (ISCOS) and the Ministerial Conference of West and Central African States on Maritime Transport (MINCONMAR) in Africa, as well as the Latin American Integration Association (ALADI) and the Central American Maritime Transport Commission (COCATRAM) in Latin America.

1/ See Report of the Group of Experts on Economic Cooperation among Developing Countries in Shipping, Ports and Multimodal Transport (TD/B/C.4/321) and the Report of the Expert Group on Shipping Policy (TD/B/CN.4/6).

Part One

COOPERATIVE ARRANGEMENTS IN AFRICA

A. Intergovernmental Standing Committee on Shipping (ISCOS)

1. Historical perspective

1. The Intergovernmental Standing Committee on Shipping (ISCOS) was formed in 1967 by the Governments of Kenya, Tanzania (United Republic of), Uganda and Zambia. At that time, the economies of the four member States were suffering from adverse effects of the Middle East hostilities which resulted in the closure of the Suez Canal to shipping, forcing ship operators to use the Cape Town route. The shipowners applied the Cape Surcharge on the East African trade in an attempt to recoup additional costs arising from using the longer trade route.

2. In addition to this mutual problem, the four member States shared the following common interests in shipping and international trade:

(a) They had the same overseas trading partners;

(b) Their seaborne trade passed through the same seaports;

(c) Their seaborne trade was carried by the same shipping lines;

(d) ISCOS member countries cooperated in the ownership and running of a deep-sea shipping line;

(e) The shipping lines which served the trade considered the countries as one region and, therefore, applied a uniform tariff of ocean freight rates and surcharges.

3. In realization of these common shipping interests, the four Governments formed ISCOS by an administrative action, to perform the following functions on their behalf:

(a) Conduct negotiations with shipping conferences, shipowners, operators of shipping lines and others concerning freight rates and other conditions of transport;

(b) Represent the Governments and the interests of shippers in consultative bodies;

(c) Undertake research and compile statistical data with a view to advising the Governments on the levels and structures of freight rates, port operating costs, conditions of marine carriage and other factors related to sea transport;

(d) Generally study the impact of the sea transport costs on the economy of the member States and the effect of any increase in freight rates on the market potential of commodities;

(e) Study how other countries have dealt with the question of sea transport costs in relation to their exports and imports;

(f) Advise the member Governments on the best means of containing increases in freight rates, transport costs and other adverse charges within the shipping industry;

(g) Carry out studies on the means by which dependence of the member States on foreign shipping lines may be reduced;

4. For the purpose of effective coordination of these activities, a permanent secretariat was established at Mombasa, Kenya, in 1974.

2. Administrative arrangements

5. The policy and operational issues are discussed and approved through three main organs as follows.

The ISCOS Council of Ministers

6. This is the highest ISCOS policy making organ comprising Ministers responsible for ISCOS matters within the member States. In most cases they are the same Ministers responsible for transport and communications within the member States. They meet once in every two years to consider the following matters:

(a) Determination of the general principles and policies governing the activities of ISCOS;

(b) Consideration of the reports of the Committee of Representatives (described hereafter);

(c) Appointment the Secretary-General on the recommendation of the Committee.

The Committee of Representatives

7. This Committee comprises officials designated by their member Governments. The Committee meets at least four times a year and its functions include:

(a) Formulation of general principles and policies governing the activities of ISCOS and their submission to the Council of Ministers for approval;

(b) Consideration and approval of the annual reports, budgets and accounts of ISCOS;

(c) Approving the annual contributions to be paid to ISCOS by the member Governments;

(d) Approving rules and regulations governing financial, administrative and other activities of ISCOS;

(e) Approving contracts and other undertakings between ISCOS and other entities in accordance with the ISCOS Financial Regulations;

(f) Recommending the appointment of the Secretary-General to the Council and appointing senior staff;

(g) Appointing an external auditor;

(h) Forming such other subcommittees or study groups as may be required from time to time for the purpose of achieving the ISCOS objectives.

The secretariat

8. The secretariat which is headed by the Secretary-General is responsible for:

(a) Conducting the general business of ISCOS under the direction of the Committee;

(b) Preparing a programme of activities, budgets and accounts of ISCOS and submitting them to the Committee for approval;

(c) Providing secretarial services to the Committee and the Council;

(d) Drawing up rules and regulations governing financial, administrative and other activities for ISCOS and submitting them to the Committee for approval.

3. Specific areas covered by ISCOS

9. Since its establishment, ISCOS has concentrated its activities on shipping, ports and multimodal transport. The specific areas covered are as follows:

Shipping

10. ISCOS has talked to operators of liner services with a view to improving their services to the shippers in the regions. These discussions have focused on the following areas in liner shipping:

- Liner pricing mechanisms and rate-making procedures: regular consultations in this area have achieved tremendous success:
  - a common understanding on liner shipping costs components,
  - an agreed procedure for general rate increase,
  - an agreed procedure for introducing and removing congestion surcharges in the ISCOS ports,
  - a common understanding of the components of Terminal Handling Charges,

- a common formula for the calculation of BAFs, CAFs, congestion surcharges, etc.;

- Ships' productivity in the ports of the ISCOS member States:

  - determination of the factors that may affect productivity and allocation of responsible party, i.e. the port or the shipowner,

  - determination of a standard ship size in the trade and expected productivity per 24 hours;

- Technological changes in shipping and their impact on the trade:

  - containerization and its influence on trade,

  - box slot ratio relationships,

  - container demurrage, deposits and free periods,

  - documentation procedures under containerization;

- Studies on liner conference systems:

  - its rate-making procedures,

  - the role of independent liner operators vis-à-vis rate stability and regularity of service;

- International shipping laws and their effects:

  - the implementation of the United Nations Convention on a Code of Conduct for Liner Conferences on liner shipping especially the 40:40:20 formula and its impact on shipping in East Africa,

  - the formation and survival of national shipping lines,

  - the Hague/Visby Rules and the current liability regimes.

Ports

- Port pricing mechanisms and procedures and their effects on port users' total transport costs;

- Port throughput and effects on ships turn around times and traffic off-takes;

- Technological changes in the ports;

- The economics of operating dry ports such as inland container depots, freight stations and container delivery centres;

- Comparative analysis of cargo-handling systems such as the RTG, SSGS and Straddle Carrier systems;

- Port documentation procedures.

Multimodal transport

- The port as a transit centre;

- Inland transport systems such as the block trains;

- Insurance, cargo claims and liability regimes under the multimodal transport system;

- Documentation.

4. Major resolutions/regulations passed

11. Major resolutions passed by ISCOS are contained in the various reports of proceedings of ISCOS. The main resolutions are as follows:

(a) In 1987, the first ISCOS Ministerial Council meeting held at Mombasa, Kenya, signed the revised ISCOS Establishment Agreement which contains various provisions aimed at strengthening ISCOS in order to meet the challenges of the 1990s and beyond. Some of the provisions are:

(i) Granting diplomatic immunity to ISCOS;

(ii) Opening up ISCOS membership to other neighbouring States. This was done in view of the fact that hitherto ISCOS membership had been restricted to the four member States of Kenya, Tanzania (United Republic of), Uganda and Zambia;

(iii) Allowed ISCOS to work out appropriate modalities of cooperation with the Preferential Trade Area (PTA). This permission was required because ISCOS and PTA have agreed, in principle, to make ISCOS a specialized agency of PTA on all maritime transport matters, like ports, shipping and marine matters, including pollution;

(iv) The Executive Secretary of the United Nations Economic Commission for Africa (ECA) was appointed as the depositary of the Agreement in line with other regional Agreements.

(b) In 1992, the third ISCOS Ministerial Council meeting, held at Mombasa, also passed a resolution which approved the ISCOS levy on dry general cargo passing through the ports of Mombasa, Tanga and Dar-Es-Salaam as the new funding method. The funding of ISCOS through Government contributions has proved inadequate because of the failure of member States to remit contributions in time over the years.

5. Implementing mechanisms

12. ISCOS is an advisory body on matters related to shipping and maritime transport. Therefore, all the resolutions, regulations and decisions made by ISCOS have to be implemented by the member States or such other governmental agencies responsible in the respective member Governments. The mechanisms of implementation vary from one member State to another and also with the nature of the resolution in question. However, every resolution has to be ratified by each member State and the process of ratification is different from one State to another. The following is a simplified mechanism of implementing ISCOS decisions/resolutions.

(a) Routine decisions may be implemented by the Permanent Secretary with or without reference to the Minister;

(b) Some policy decisions may be implemented by the Minister;

(c) Policy matters which touch on finance or international relations and have a contractual obligation must be ratified by the Cabinet.

6. Major experiences of success and failure and reasons thereof

Successes

13. Over the years ISCOS has the following achievements to its credit.

(a) Establishing a procedure for negotiations/consultations

14. This has been agreed upon by the East African Conference Lines, the United States/East Africa Conference and the Shipping Corporation of India. The secretariat is still consulting with other liner operators on this issue.

(b) Stability in ocean freight rates

15. Success in this matter arises from the established machinery for consultations on general rate increases. In many cases ISCOS has managed to reject conferences' claims for general rate increases on the grounds that there was no sufficient justification. However, in cases where the conference has proved its point, the procedure requires the trade to be given sufficient time to adjust to the new freight rates. Also, ISCOS requires that a moratorium period be agreed upon between ISCOS and the operator. In this way, rate stability is maintained.

(c) Minimizing of unilateral action by the shipowners

16. Most shipowners have recognized ISCOS as a regional shippers' representative and respect the need to consult with the shippers through ISCOS. As a result of the regular consultations, confidence between ISCOS and shipowners has been maintained, and the scope of consultations has widened to include such areas as container demurrage and free periods, and levels of ships' productivity in ISCOS ports.

17. The port authorities have also recognized the role ISCOS plays in the region and there are many areas of port operations that the ports cannot discuss with the lines without the presence of ISCOS.

18. ISCOS has a system of collecting data on shipping movements, commodity flows, comparative freight rates for use by Governments, shippers, etc.

19. At the secretariat, there is a very effective pool of experts in ports, shipping and maritime matters who serve the secretariat and member Governments.

Failures

20. The main failure is the problem of finance arising from delays by member States in remitting their contributions. Due to such delays, ISCOS operates on only 30-40 per cent of its budget, and is thus forced it to postpone its programmes of work. This problem will be overcome when the proposed ISCOS Levy of US$ 0.10 per tonne of dry general cargo handled in the ports of Mombasa, Dar-es-Salaam and Tanga becomes operational.

21. The ISCOS Establishment Agreement does not allow ISCOS to consult with governmental parastatals on matters regarding shippers' problems. While ISCOS requires adherence to the procedure for general rate increases, the ports, railways and road hauliers are not subjected to the same, thus leaving them at liberty to hike rates at will. This limitation is a real problem in East Africa where terminal costs in the port sector and the inland transport system account for a very significant proportion of the total transport costs.

22. The ISCOS decision-making mechanism is too lengthy, because while decisions are taken at ISCOS level, they have to be implemented by individual Governments through its channels. This causes delay in implementing ISCOS decisions.

7. Future prospects

23. ISCOS plans for the future include:

(a) Preparation and adoption of a common approach to shipping between the member States;

(b) Development of shipping and the maritime sector within the member States;

(c) Strengthening the functional links between ISCOS and shipper organizations;

(d) Improving consultations/negotiations machinery with the conference and shipping lines;

(e) Transforming ISCOS into a specialized maritime agency in the PTA subregion;

(f) Changing from contributions to the ISCOS Levy as the ISCOS financing method.

B. Ministerial Conference of West and Central African States on Maritime Transport (MINCONMAR)

1. Establishment of the Organization

24. The Ministerial Conference of West and Central African States on Maritime Transport (MINCONMAR) was established in Abidjan, Côte d'Ivoire, on 7 May 1975.

25. The Organization has the following 25 members:

Angola
Benin
Burkina Faso
Cameroon
Cape Verde
Central African Republic
Chad
Congo
Côte d'Ivoire
Equatorial Guinea
Gabon
Gambia
Ghana
Guinea
Guinea-Bissau
Liberia
Mali
Mauritania
Niger
Nigeria
Sao Tome and Principe
Senegal
Sierra Leone
Togo
Zaire

2. Reasons for its creation

26. Between 1970 and 1975, the combined impact of the energy crisis and the constant deterioration in the terms of trade, in addition to the freight rates charged by the maritime conferences, had placed the balance of payments of the countries of West and Central Africa in a precarious situation which heavily penalized the subregion's foreign trade, more than 70 per cent of which is by sea.

27. In the circumstances, the Ministers responsible for maritime affairs of the seventeen (17) countries of the subregion met in Abidjan from 5 to 7 May 1975, at the invitation of the Government of the Republic of Côte d'Ivoire.

28. However, it became apparent during the preparatory work that the rise in the cost of maritime transport in the subregion was not due only to the freight rates charged by the liner conferences; also responsible were foreign companies, most of which owed their origin to the former colonial trading companies, which had held an uncontested monopoly of ancillary activities.

29. Accordingly, the Ministers responsible for merchant shipping of the seventeen (17) States participating in the Abidjan meeting took the opportunity to address all the issues that could affect the various components of maritime services, port activities and transit trade from and to the land-locked countries.

30. After a thorough review of the situation, the historic Abidjan Conference first established an Ad Hoc Committee to initiate negotiations with the liner conferences and, second, decided to set up, by means of a transport charter, a permanent coordinating body of the States of the subregion, known as the Ministerial Conference of West and Central African States on Maritime Transport (MINCONMAR), to be responsible for developing and encouraging a coherent and comprehensive subregional policy with the aim of effectively supervising all the aspects of maritime services, including transit operations to and from the subregion's land-locked countries.

3. Aims of the Organization

31. Wishing to maintain close cooperation and, in that connection, to promote a programme of integrated maritime development in the subregion, the member States gave the Organization the following objectives:

(a) To harmonize and coordinate the policies of the member States in matters concerning maritime transport;

(b) To promote the development of appropriate machinery and bodies for the improvement of maritime transport, especially by the adoption of the following measures:

Establishment of national and subregional maritime structures and development of cooperation among them;

Establishment of regional training centres for non-seagoing and seagoing merchant navy personnel, port personnel and personnel in multimodal transport and ancillary activities;

Establishment and development of national and/or multinational merchant fleets;

Efficient organization of maritime services for the subregion, on the basis of enhanced participation by national or multinational companies in all trades;

Adoption and implementation of all measures and steps to ensure the development and improvement of port management and operation;

Harmonization and modernization, at the subregional level, of maritime legislation, including administrative and customs formalities, in order to promote cooperation among the member States;

(c) To give preferential treatment and adequate transit facilities for land-locked member countries in their import and export trade;

(d) To cooperate with international, regional and national organizations in order to promote and facilitate international maritime trade on an equitable basis.

4. Legal bases of the Organization

32. The Organization is governed essentially by the following legal instruments:

The Maritime Transport Charter for West and Central Africa, adopted at Abidjan on 7 May 1975, which sets out the fundamental principles;

The Convention on the Institutionalization of the Ministerial Conference of West and Central African States on Maritime Transport, adopted in Accra on 26 February 1977, which reaffirms the will of the member States to cooperate in the maritime sphere.

33. Since then, numerous resolutions adopted by the ministerial sessions have reinforced the Organization's basic texts.

5. Structure of the Organization

34. The adoption of the basic legal instruments of the Ministerial Conference of West and Central African States and of the Centre for Maritime Transport, with the signing in February 1977 of the Convention on the Institutionalization of the Organization as a permanent framework for cooperation, was an act of considerable political significance reflecting the unprecedented commitment of the member States resolutely to assume their maritime destiny. In addition to the General Assembly and the Secretariat, which are its basic organs, the Organization comprises three specialized organs responsible for specific areas; they are the following:

The Port Management Association of West and Central Africa (PMAWCA);

The Association of African National Shipping Lines (ANSL);

The Union of African Shipper's Councils (UCCA).

35. In addition to these functional structures there are the regional training centres - the Regional Maritime Academies of Côte d'Ivoire and Ghana.

36. Thus, in order fully to achieve the assigned objectives, through implementation of the Abidjan Charter and the resolutions arising from it, MINCONMAR possesses the following functional structure:

1. Basic organs

General Assembly

37. A General Assembly of Ministers responsible for maritime transport questions, which in principle holds one ordinary session every two years in one of the member States.

Chairman

38. The appropriate Minister of the host country for the session is appointed Chairman of the Organization until the following ordinary session.

Permanent Secretariat

39. A Permanent Secretariat, the principle organ for carrying out the decisions of the Ministerial Conference, based at its headquarters in Abidjan (Côte d'Ivoire) since October 1979, is headed by a Secretary-General appointed for a four-year term, renewable once.

40. The Secretariat is essentially financed by contributions from the member States.

41. The MINCONMAR Secretariat is located at the following address in Abidjan:

MINCONMAR Secretariat
Cité Administrative Tour A (2e étage)
B.P. V 257
Abidjan (Côte d'Ivoire)
Tel.: 21 71 15/ 22 31 93 / 22 31 97
Telex: 22528
Fax: 22 45 32

2. Specialized organs

42. In order to provide technical support to subregional cooperation for achievement of the assigned objectives, the following specialized organs have been set up:

PMAWCA

43. The Port Management Association of West and Central Africa was set up at the initiative of ECA in 1972, well before the Ministerial Conference of which it is now a specialized organ. Over the years, it has established a reputation as a valuable tool for cooperation and port development in the subregion.

Its aims are:

To improve, coordinate and standardize African port operations, and the equipment and services of the Association's members in order to enhance the efficiency of transport by ship and other forms of transport in Africa;

To achieve, with the participation of port authorities, Governments and allied institutions, coordination and development of the activities of the Association's members;

To develop and maintain relations with transport enterprises and associations, international agencies, Governments and institutions for the study of matters of concern to the Association's members; and

To provide a venue for meetings of national port authorities for the exchange of views concerning common problems relating to their activity.

44. The PMAWCA Secretariat has the following address:

PMAWCA Secretariat
P.O. Box 1113 Apapa
12, Park Lane Apapa
Lagos, Nigeria

ANSL

45. The Association of African National Shipping Lines (ANSL) is generally responsible for supporting the economies of the subregion in the sphere of maritime transport.

46. To this end, ANSL has the task of determining the most suitable maritime transport policy for the economies of the member States, and in particular the most efficient organization of shipping services for the subregion, on the basis of a larger share in all trades.

47. In this connection MINCONMAR has adopted numerous resolutions whose aim is:

To enable member shipping companies to join liner conferences;

To protect member shipping companies from unfair competition and dumping;

To reserve for them 40 per cent of the national traffic rights deriving from their respective countries' external trade;

To ensure their development, firstly through the cargo sharing system and secondly by the system of selling CIF and purchasing FOB;

To promote grouping and pooling of their resources for all types of transport.

48. The ANSL Secretariat is based in Abidjan (Côte d'Ivoire).

UASC

49. The overall aim of the Union of African Shipper's Councils is to define a joint platform and to study all matters relating to cargo, in order to identify appropriate solutions, particularly as regards maritime freight, reduction of the overall cost of goods shipment and rationalization of services.

50. As part of this task of regulating national and subregional shipping with the aim of reducing costs for the benefit of shippers and the national economies of the member States, UASC's activities have extended since 1975 to the following areas:

Strengthening the machinery for consultation and negotiations with the liner conferences;

Reducing the impact of transport costs on the economies of the countries of West and Central Africa;

Rationalizing trade and optimizing the liner services of the member States;

Promoting any policy of cooperation that will safeguard the interests of members in respect of cargo shipping;

Developing and maintaining relations with transport enterprises or associations, ports, foreign shipper's councils, international organizations, Governments and institutions for the purpose of studying matters connected with the interests of the subregion in the sphere of transport costs, cargo sharing, cargo grouping and simplification of administrative and customs procedure;

Organizing meetings to enable national shipper's councils or similar organizations to exchange views on the common problems of their areas of activity;

Consolidating export and import cargo in order to reduce its cost;

Establishing joint cargo sharing agencies and representations in foreign ports;

Simplifying administrative formalities relating to international shipping.

51. The UASC Secretariat is at the following address:

UASC Secretariat
B.P. 12969
Douala, Cameroon
Telex: 5946
Fax: (237) 42 93 35

3. Regional maritime training academies

52. The training of both non-seagoing and seagoing merchant navy and ancillary personnel is one of the Organization's priorities. In this sphere too, the principle of subregional cooperation has been applied.

53. Two regional maritime academies have therefore been set up, one in Accra, Ghana, for the English-speaking member countries and the other in Abidjan, Côte d'Ivoire, for the French-speaking member countries.

54. As part of their threefold function of providing initial instruction, general education and further training, the two regional maritime academies in Accra and Abidjan provide sound training in the following spheres:

Training for senior officers in the following options: bridge, engine room and radio/electronics;

Training for non-seagoing merchant marine personnel, port personnel and personnel of enterprises that are ancillary to maritime transport (handling, lighterage, forwarding);

Training for deck-hands, engine room crew and lower-ranking officers in the following options: bridge, engine room, fishing and coastal navigation.

55. In addition to performing their initial functions, the Regional Maritime Academies at Abidjan and Accra also provide permanent training courses or promotion courses for electronics specialists, factory diesel mechanics, fire control operatives, etc.

56. Additional schools will be opened, depending on the needs of the member States, to provide courses in the areas of fisheries, shipping and port management, surveillance and protection of economic zones, etc.

57. By virtue of the quality of the teaching dispensed by them, the Regional Maritime Academies of Abidjan and Accra are branches of the World Maritime University in Malmö, Sweden.

58. The addresses of the Regional Academies are as follows:

(1) Académie Maritime Régionale des Science et
Techniques de la Mer d'Abidjan
B.P. V 158
Abidjan, Côte d'Ivoire

Tel: 45 28 30/45 05 99/45 31 05/45 31 00
c/o Telex CMEAOC/TM
c/o Fax CMEAOC/TM

(2) Regional Maritime Academy
P.O. Box 1115
Accra, Ghana

Tel: 71 23 43
Fax: 71 25 99

59. It is also planned to set up a regional maritime training institute for the Portuguese-speaking member countries of MINCONMAR. Pending its establishment, students from the Portuguese-speaking countries may enrol at the Regional Maritime Academies in Abidjan and Accra.

4. Ad hoc committees

60. In addition to the specialized organs and the Regional Maritime Academies, nine ad hoc committees have now been set up to study in depth the various aspects of any specific problem of particular significance to the maritime economy and the transit trade of the subregion. These are:

Ad hoc Committee on the harmonization of maritime legislation, chaired by Nigeria (resolution 30/4/1978);

Ad hoc Committee on the problems of land-locked countries, chaired by Niger (resolution 35/SEI/1979);

Ad hoc Committee on matters related to the transportation of bulk cargo, chaired by Guinea (resolution 40/SEI/1979);

Ad hoc Committee in charge of studying the appropriate ways and means of creating a regional bureau charged with the a priori control of cargo allocation and the definition of a common platform for member States and their trading partners (resolution 50/5/1981);

Ad hoc Committee in charge of studying the terms of establishing a council for ensuring equivalence of certificates issued by the Regional Maritime Academies, chaired by Côte d'Ivoire (resolution 53/5/1981);

Ad hoc Committee in charge of studying the establishment of a regional maritime training institute for the Portuguese-speaking countries, chaired by Angola (resolution 53/5/1981);

Ad hoc Committee on Multimodal Transport and Containerization, chaired by Senegal (resolution 55/5/1981);

Ad hoc Committee on insurance problems in the area of maritime transport chaired by Cameroon (resolution 56/5/1981);

Ad hoc Committee on administrative and financial matters of the Permanent Secretariat, chaired by Nigeria (resolution 74/5/1981).

6. Implementation of subregional maritime policy

1. Important achievements

61. The Ministerial Conference of West and Central African States on Maritime Transport has strengthened the political will of the member States to defend their maritime interests through unity and solidarity.

62. On these foundations, the implementation of subregional maritime policy has achieved satisfactory results, particularly in the following areas:

Development of merchant fleets

63. The number of shipping companies that belong to ANSL has risen from four (4) in 1975 to fourteen (14) in 1990.

64. In these circumstances, and thanks to the implementation of the cargo-sharing system on a 40/40/20 basis in accordance with the Code of Conduct for Liner Conferences, the share of the subregion's merchant fleets in overall cargo trade rose from 3 per cent in 1975 to 30 per cent in 1988, for some shipowners.

Development of national shippers' councils

65. Most of the member States of MINCONMAR have set up a national shippers' council. The number of Councils has risen from four (4) in 1975 to seventeen (17) today.

66. Cooperation among the national shippers' councils and solidarity between them vis-à-vis the Liner Conferences have enabled the subregion to achieve substantial economies in freight rates by bringing down the average rate of increases from 40 per cent in 1975 to less than 5 per cent in 1987 and a freeze in 1990.

2. Undeniable weaknesses

67. The widespread economic crisis has had serious repercussions on the public finances of the member States and consequently on their merchant fleets, most of which are State shipping lines.

68. The degradation of the subregion's merchant fleets, which began between 1980 and 1985, is essentially characterized by a disturbing fall in their transport capacity, the trend of which was as follows:

1975: 570,460 DWT for 4 companies (47 vessels);

1980: 969,110 DWT for 8 companies (77 vessels);

1985: 816,263 DWT for 12 companies (59 vessels);

1990: 463,700 DWT for 14 companies (31 vessels).

69. Moreover, the delay, in the case of many member countries, in implementing the ministerial resolutions and other decisions has made it impossible as yet fully to achieve the objectives set in the Organization's programme of action.

70. The persistence of this situation has further weakened the subregion's maritime policy.

3. Outlook

71. The world's merchant shipping currently faces an environment that has been drastically altered by technological developments and by structural changes brought about by the general economic crisis.

72. In West and Central Africa, this situation is aggravated by the scale and persistence of numerous factors, including the deep disagreement with the EEC over the organization of the liner trade, threats of deregulation from the World Bank, the International Monetary Fund and GATT through the liberalization of transport services, leading to limited access to cargo for the subregion's merchant fleets, which are still too fragile to face free competition.

73. Given this outlook, the Ministerial Conference of West and Central African States will need to review its maritime policy and the various components of its strategy, in order effectively and efficiently to reinvigorate the maritime transport and ancillary activities sector.

74. It will be necessary to implement a more efficient strategy designed effectively to adapt the activities of shippers to current changes and to strengthen the transport capacity of the merchant fleets. This will require unwavering support from States as well as high-calibre personnel capable of meeting the needs of the subregion and of responding to the current exigencies of the maritime transport industry.

Part Two

COOPERATIVE ARRANGEMENTS IN LATIN AMERICA

A. Latin American Integration Association (ALADI)

1. Institutional aspects

75. On 12 August 1980, the 11 signatory countries to the Treaty of Montevideo of 1960, establishing the Latin-American Free Trade Association (LAFTA), signed the new Treaty of Montevideo of 1980, which established the Latin American Integration Association (ALADI), as the successor to LAFTA.

76. The long-term objective of the Association is the gradual and progressive establishment of a Latin American common market.

77. The basic purposes of ALADI are the promotion and regulation of reciprocal trade, economic complementarity and the development of economic cooperation activities to encourage regional market expansion.

78. ALADI basically operates through partial-scope agreements, in which from 2 to 10 member countries participate, and regional-scope agreements, in which all participate, with provision for differentiated treatment of the three categories of countries distinguished, namely the economically most developed countries, countries at an intermediate level of development and relatively less economically developed countries, the latter being accorded special treatment.

79. The institutional bodies of ALADI are: the Council of Ministers, the Evaluation and Convergence Conference, the Committee of Representatives and the General Secretariat. The first three are policy-making bodies and are responsible for providing political guidance for the integration process. The General Secretariat, for its part, is the technical body, whose duties and functions include: submission of proposals to the policy-making bodies; carrying out studies and implementation of measures to encourage the conclusion of agreements; administration of the system of support for the relatively less economically developed countries (Bolivia, Ecuador and Paraguay); application to national and international organizations for technical advice and cooperation; processing and furnishing statistical information and information concerning the foreign trade systems of member countries; administration of the funds of the Association and its representation in acts or contracts of private or public law.

80. The Treaty provides that the Secretariat shall be headed by a Secretary-General and two Deputy Secretaries-General and that it shall be composed of international, technical and administrative personnel.

81. The organizational and functional structure of the secretariat consists of the senior management, six technical and operative divisions (Agreements and Trade; Sectoral Promotion; Services and Physical Integration; Economic Promotion; Cooperation and Projection of Integration; and Information and Statistics), and a Finance and Administration Division. The Secretariat

also has three advisory departments, namely, the Legal Department, the Communications Department and the Office of the Chief Administrative Secretary.

82. The activities of the Association are carried out on the basis of a programme-budget, drafted every year and approved by the Committee of Representatives, at the proposal of the General Secretariat.

2. General framework of transport activities

83. The Division of Services and Physical Integration is directly responsible for performing the activities of the General Secretariat in the transport sector and it operates within the framework of Resolution 25 (V) of the Council of Ministers entitled "Cooperation in respect of transport", which recommends inter alia that the Committee of Representatives should promote measures to strengthen and enhance regional cooperation in respect of transport. In fulfilment of the above-mentioned Resolution, the Committee of Representatives adopted Resolution 129 entitled "Programme of action to facilitate international transport and trade". That Resolution outlines the courses of action and the coordination measures to be undertaken among the institutions of the Association, foremost among which are promotion of better use of the transport corridors of the region, through progressive modal and intermodal coordination; development of new forms of cooperation to ensure better utilization of infrastructure and equipment for technological modernization; simplification and harmonization of standards, formalities and procedures; and application of modern data processing and telecommunications techniques.

84. In addition, the General Secretariat takes an active part in the highest level Latin American forums that have been established in the field of transport. Thus, it has become the Permanent Secretariat for the Conference of Ministers of Transport, Communications and Public Works of South America and cooperates very actively with the Meeting of Ministers of Transport and Public Works of the countries of the Southern Cone.

3. ALADI in the field of shipping, ports and multimodal transport

85. The General Secretariat of ALADI, through the Division of Services and Physical Integration, has the task of planning, organizing, managing, coordinating and monitoring cooperation and negotiation among member countries in the different activities within the services sector, by carrying out studies and formulating the necessary proposals to such ends, and by encouraging the participation of the economic agents in those activities.

Activities completed

86. In July 1992, the "Agreement on river transport along the Paraguay-Paraná Waterway" was signed, within the framework of ALADI. The aim of the Agreement is to facilitate shipping and commercial traffic along the rivers which drain the River Plate basin, and thus incorporate a vast, rich inland area into intraregional trade and give it access to overseas markets. Under the terms of this Agreement, the signatory countries (Argentina, Bolivia, Brazil, Paraguay and Uruguay) grant one another freedom of navigation, transit and

cargo and undertake to accord one another maximum transport facilities. In order to achieve those goals, the countries have signed additional protocols on each of the following subjects: customs matters, navigation and safety, insurance, conditions of equal opportunity, the settlement of disputes and the temporary cessation of "flagging-out" vessels.

87. The Agreement has been put into effect in Bolivia and Uruguay and the process lending to its application is under way in the remaining countries.

88. In March 1992, the Government experts on maritime transport of the member countries adopted a "Draft Agreement on Shipping". The main aim of this Agreement is "to encourage the provision of services ... under conditions of international efficiency and competitiveness". The most significant provisions of the draft include its application to cargo transport between signatory countries and between them and third countries; the establishment of freedom of access to cargo in strict application of the principle of effective reciprocity and under conditions of efficiency and healthy competition; the establishment of a commission to administer the Agreement which, inter alia, must be responsible for promoting the establishment of a joint shipping policy and facilitating and ensuring the achievement of the goals and compliance with the said provisions.

89. This draft Agreement, which is under consideration by the Committee of Representatives, is to be signed as an ALADI partial-scope agreement and will take effect in the signatory countries.

90. The General Secretariat has drafted a document entitled "Conditions for the establishment of a common multimodal transport system within the framework of ALADI", which served as the background paper for the meeting of experts from the member countries last June. The conclusions reached and the directives set forth at that meeting are being used in the drafting of a proposal for a set of common standards on which the Secretariat is currently working. From the progress made so far, it can be stated that these standards will seek to harmonize the regional systems and procedures with those adopted internationally on the subject, such as UNCTAD/ICC rules for Multimodal Transport Documents, the Convention on International Multimodal Transport and the Convention on Transport Terminal Operators.

91. The proposal will be submitted to the next meeting of the Ministers of Transport and Public Works of the countries of the Southern Cone, to be held next September or October.

92. An additional paper prepared by the Secretariat concerning shipping and multimodal transport is the study entitled "The container as a means of transport: elements to encourage its use". The paper discusses the infrastructure available in the region for the use of these elements and examines the international instruments which regulate their operation. It concludes by recommending that a common system be established in the area, and suggests the general guidelines. According to the Secretariat's projections, adoption of these regional norms should follow approval of the norms on multimodal transport.

93. Finally, the General Secretariat is cooperating, on a permanent basis, with various Governmental and private forums and institutions of the region and is, in this way, maintaining a close link with UNCTAD's maritime management training (Trainmar) and ILO's port training projects and with the Latin American Shipowners' Association (LASA). It has also carried out various studies, foremost among which are those on insurance and reinsurance and those concluded for the association of regional shipping companies.

4. Future prospects

94. The Conference of Ministers of Transport, Communications and Public Works of South America has decided on the harmonization of the transport agreements that have been concluded by the two South American subregions (the Southern Cone and the Andean Group). As a result, the Conference envisages activity on a large scale for the improvement of such instruments, which will determine the formulation and application of a modern and effective set of regional standards relating to shipping and multimodal transport.

B. Central American Maritime Transport Commission (COCATRAM)

1. Establishment of COCATRAM

95. The Central American Maritime Transport Commission (COCATRAM) was established by Resolution No. 5-80 of the Meeting of Ministers Responsible for Central American Economic Integration, dated 15 July 1980 (ROMRIECA XXIII).

96. The COCATRAM Secretariat was organized for operational purposes in the following Units:

(a) Executive Secretariat;

(b) Administrative Department;

(c) Training Unit;

(d) Maritime Legislation Unit;

(e) Documentation and Information Processing Centre;

(f) Shipping Development Division;

(g) Port Development Division;

(h) Maritime Development and Trade Division.

97. Since the original aim was to have each of the units headed by a high-level technician (expert), the organization's operational budget was fixed at levels exceeding the expected income.

98. The income received in the form of contributions from countries (with the exception of El Salvador and Honduras) was not sufficient to maintain the

entire establishment of technicians required by the organization as planned. The devaluations undergone by the currencies of the Central American countries and the decline in their GDP, with corresponding effects on trade in the region, made the situation described even more critical inasmuch as earnings varied proportionately to the volume of goods traffic carried by sea. Wage costs (direct and indirect) nevertheless absorbed a large proportion of the Commission's budget.

99. The benefits provided by the foregoing organization consisted essentially of in situ advisory services, reports, seminars and the preparation of documents on programmes and projects with a view to their later implementation when financing was secured. Financing was obtained on very few occasions.

2. New institutional order

Legal basis

100. The Special Agreement of Ministers Responsible for Transport in Central America, amending and updating the basic rules governing the constitution and operation of COCATRAM, was published on 11 July 1991. This Special Agreement states in article 14 that "COCATRAM shall initiate a new institutional order with effect from the date of the first meeting of the Board of Directors" of COCATRAM, which was held at Tegucigalpa, Honduras, on 12 July 1991.

Principles for a new organization

101. The new organization should aim:

(a) to function with a minimum of established staff in order to avoid unnecessary expense;

(b) to perform its assigned tasks efficiently, primarily by implementing programmes and projects which can be financed out of external resources or COCATRAM's own resources.

3. Functions and new organization

102. Under the Special Agreement already mentioned, COCATRAM is a permanent body and its purpose is to deal with matters relating to the development of the maritime and port sector in Central America.

103. The Commission's principal function is to advise REMITRAN and member Governments in making policy and taking decisions in the various fields of maritime transport for application at regional and national levels, with a view to achieving harmonious development of the sector. In the discharge of its functions it has the following tasks to perform, which may be brought together in a "beneficiary groups/product sectors" matrix that defines the COCATRAM market as follows:

BENEFICIARY GROUPS	PRODUCT SECTORS
Government institutions,	Policy,
Port enterprises,	Legislation,
Private sector and	Institutional development,
COCATRAM	Facilitation and
	Safety

104. The substantive functions performed for the various beneficiaries are as follows:

GROUP: GOVERNMENT INSTITUTIONS

	POLICY
1	To propose for adoption a regional maritime policy consistent with national policies in the sector, which takes into account the existing problems of relations between international trade, ports and maritime transport services.
2	To carry out the technical programmes required in order to facilitate regional maritime development and to cooperate with member countries in attaining their national objectives with regard to maritime transport and its subsectors, ports, shipping activities and maritime trade.
	LEGISLATION
5	To assist countries in laying down adequate maritime legislation to permit the regional and national development of activities connected with the maritime transport sector.
9	To promote in the countries of the area the adoption of international maritime transport agreements and to provide the necessary assistance in bringing them into force.
	INSTITUTIONAL
4	To assist the countries of the region in establishing, developing and strengthening the governmental institutions responsible for the administration of ports and waterborne transport.
27	To secure coordination and cooperation between the various national, regional and international public and private institutions and bodies concerned with activities in the maritime and port sectors.
28	To promote and coordinate regional participation in regional and international activities such as conferences, technical meetings and other forums concerned with the aforementioned sectors, where the common interest and benefit so require.
29	To carry on all other activities considered necessary in order to stimulate and strengthen the Central American maritime transport sector.

	DEVELOPMENT
14	To carry out the national or regional studies needed to assist in optimizing the utilization of maritime transport services in the region.
25	To promote national and regional training activities in the various areas of the sector and to carry out the requisite studies in order to determine the prospects for establishing regional training institutions including a Regional Maritime Institute.
	FACILITATION
16	To make the appropriate recommendations to assist in facilitating trade and maritime transport, inter alia, on matters relating to the adoption of international recommendations on the subject.

GROUP: PORT ENTERPRISES

	POLICY
1	To propose for adoption a regional maritime policy consistent with national policies in the sector, which takes into account the existing problems of relations between international trade, ports and maritime transport services.
2	To carry out the technical programmes required in order to facilitate regional maritime development and to cooperate with member countries in attaining their national objectives with regard to maritime transport and its subsectors, ports, shipping activities and maritime trade.
18	To carry out the studies needed for the formulation of a regional port development policy, including recommendations for the preparation of a regional port development plan.
	LEGISLATION
5	To assist countries in laying down adequate maritime legislation to permit the regional and national development of activities connected with the maritime transport sector.
9	To promote in the countries of the area the adoption of international maritime transport agreements and to provide the necessary assistance in bringing them into force.
	INSTITUTIONAL
21	To recommend the adoption of common measures for the protection of ports of the region when shipping conferences or enterprises decide to demand or apply increases in freight rates or, in fixing their scales of charges, disregard the improvements made at port terminals.

27	To secure coordination and cooperation among the various national, regional and international public and private institutions and bodies concerned with activities in the maritime and port sectors.
28	To promote and coordinate regional participation in regional and international activities such as conferences, technical meetings and other forums concerned with the aforementioned sectors, where the common interest and benefits so require.
29	To carry on all other activities considered necessary in order to stimulate and strengthen the Central American maritime transport sector.
	DEVELOPMENT
8	To make recommendations designed to bring about the rationalization of maritime transport in order to secure maximum efficiency in the provision of services.
10	To carry out the necessary studies leading to the mastery and adoption of technological innovations in the maritime transport field, including the multimodal transport system.
19	To assist port enterprises in implementing existing systems and methodologies designed to achieve maximum efficiency at ports and in improving and developing new technologies for that purpose.
22	To formulate recommendations and common rules on pilotage, towing, etc., and to ensure that such services are rendered by port enterprises or enterprises financed by Central American capital.
24	To establish and develop an adequate system of maritime and port documentation and information processing in the region.
25	To promote national and regional training activities in the various areas of the sector and to carry out the requisite studies in order to determine the prospects for establishing regional training institutions including a Regional Maritime Institute.
	FACILITATION
16	To make the appropriate recommendations to assist in facilitating trade and maritime transport, inter alia, on matters relating to the adoption of international recommendations on the subject.
20	To prepare the studies needed in order to recommend uniform Central American rules and procedures designed to facilitate formalities and documentation in port operations.
	SAFETY
6	To make appropriate recommendations for maintaining the highest levels of efficiency and safety of shipping in the region.
23	To recommend the adoption of updated rules and procedures on port safety that will contribute to accident prevention, fire-fighting, the handling of dangerous cargo, etc., in operations in the region.

GROUP: PRIVATE SECTOR (USERS)

	POLICY
1	To propose for adoption a regional maritime policy consistent with national policies in the sector, which takes into account the existing problems of relations between international trade, ports and maritime transport services.
2	To carry out the technical programmes required in order to facilitate regional maritime development and to cooperate with member countries in attaining their national objectives with regard to maritime transport and its subsectors, ports, shipping activities and maritime trade.
3	To carry out the activities needed in order to promote the regional and national shipping development of the Central American countries, with the aim of securing a larger share in the supply of maritime transport services to international trade in the area.
	LEGISLATION
5	To assist countries in laying down adequate maritime legislation to permit the regional and national development of activities connected with the maritime transport sector.
9	To promote in the countries of the area the adoption of international maritime transport agreements and to provide the necessary assistance in bringing them into force.
	INSTITUTIONAL
13	To assist in strengthening national associations of shipping enterprises and the Central American Shipowners' Association.
17	To assist in strengthening national associations of shipping users and the corresponding regional association.
27	To secure coordination and cooperation between the various national, regional and international public and private institutions and bodies concerned with activities in the maritime and port sectors.
28	To promote and coordinate regional participation in regional and international activities such as conferences, technical meetings and other forums concerned with the aforementioned sectors, where the common interest and benefit so require.
29	To carry on all other activities considered necessary in order to stimulate and strengthen the Central American maritime transport sector.

	DEVELOPMENT
10	To carry out the necessary studies leading to the mastery and adoption of technological innovations in the maritime transport field, including the multimodal transport system.
11	To carry out the studies needed to determine the feasibility of establishing a coastal shipping service in the region.
14	To carry out the national or regional studies needed to assist in optimizing the utilization of maritime transport services in the region.
15	To contribute to the establishment of a system of negotiation and consultation with the shipping conferences, developing a plan of activities which includes the investigation and analysis of freight rates.
	FACILITATION
16	To make the appropriate recommendations to assist in facilitating trade and maritime transport, inter alia, on matters relating to the adoption of international recommendations on the subject.

GROUP: C O C A T R A M

	INSTITUTIONAL
15	To contribute to the establishment of a system of negotiation and consultation with the shipping conferences, developing a plan of activities which includes the investigation and analysis of freight rates.
21	To recommend the adoption of common measures for the protection of ports of the region when shipping conferences or enterprises decide to demand or apply increases in freight rates or, in fixing their scales of charges, disregard the improvements made at port terminals.
26	To determine, request and canalize at the regional level the international technical cooperation required in order to develop the Secretariat's technical activities.
30	To carry out the activities arising out of the present Resolution, to give effect to the decisions adopted concerning maritime transport by the higher authorities for the process of Central American economic integration, and to perform such other tasks as those bodies may entrust to it.
31	To issue and approve the regulations required for its operation.

Matrix of Beneficiary Groups/Product Sectors

	GOVERNMENT INSTITUTIONS	PORT ENTERPRISES	PRIVATE SECTOR	COCATRAM
POLICY	1 2	1 18 2	1 3 2	
LEGISLATION	5 9	5 9	5 9	
INSTITUTIONAL	4 28 27 29	21 28 27 29	13 27 29 17 28	15 26 31 21 30
DEVELOPMENT	14 25	8 19 24 10 22 25	10 14 11 15	
FACILITATION	16	16 20	16	
SAFETY		6 23		

4. Functions and new organization of the Secretariat

105. The Secretariat consists of the following Units:

Executive Secretariat

106. This Unit represents the leadership of the COCATRAM Secretariat and takes its orders directly from the Board of Directors.

107. The main functions assigned to it include the conduct of technical and administrative activities as prescribed in the Special Agreement and in the Resolutions adopted by the Board of Directors.

108. This Unit accordingly covers the functions assigned to the Executive Secretary as specified in article 28 of the General Regulations of COCATRAM.

Internal Audit

109. This Unit is headed by an Internal Auditor appointed by the Board of Directors and will be responsible to the Board for the performance of its functions, which will consist essentially of ensuring that the procedures for obtaining and using the Commission's financial resources are correctly followed. Its functions will be defined in more detail in the House Rules of COCATRAM.

Administrative and Financial Department

110. This Unit will be headed by an Administrative and Financial Officer appointed by the Board of Directors and will be responsible to the Executive Secretary in the performance of its functions, which will consist essentially

of the following: personnel management, assignment and supervision of administrative work; programming, supply and supervision of the necessary inputs; and lastly, management and use of the Commission's financial resources.

111. Its functions will be defined in more detail in the House Rules of COCATRAM.

Documentation and Computer Unit

112. Its main function will be to establish an adequate system for documentation and the processing of information on the maritime subsector. It will also be required to create, maintain, expand and update computer operations in the subsector.

113. It will be required, as a matter of priority, to assist the Project Planning and Follow-up Unit of COCATRAM and the institutions responsible for the development of maritime transport in the region. It will be required to disseminate information concerning the subsector at both the national and the regional level.

Project Planning and Follow-up Unit

114. Its main function will be to administer the programmes and projects which are being and will be executed by the Commission in performing the tasks entrusted to it by the Special Agreement.

115. The programmes and projects will be executed for preference using external financial resources (financial and technical cooperation), but it will also carry out programmes and projects with its own resources (those provided by member countries through the annual budget).

116. Its basic functions will accordingly be: project planning, project organization, evaluation of technical personnel, preparation of documents for projects likely to be financed, project management and supervision.

Advisory Unit

117. This Unit will be composed of the technicians working for current and future programmes and projects. In its relations with COCATRAM, this Unit will come directly under the Executive Secretary. The technicians working for programmes or projects to be initiated will not be on the permanent staff of COCATRAM but will be engaged on fixed-term contracts for specific purposes, without causing additional expense of any kind (for instance, labour costs).